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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

239

OMB APPROVAL	
OMB Number:	3235-0123
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SEC FILE NUMBER

8- 41103

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FEA, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3330 Dundee Road, Suite S-1

(No. and Street)

Northbrook, Illinois 60062

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John H. Cox

(847) 498-2690

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

COLEMAN JOSEPH BLITSTEIN &amp; STUART LLC

(Name - if individual, state last, first, middle name)

108 Wilnot Road, Suite 330

Deerfield, IL 60015

(Address)

(City)

(State)

**CHECK ONE:**

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions

PROCESSED

APR 04 2005

J THOMSON  
FINANCIAL

REC'D O.C.
FEB 28 2005
613

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

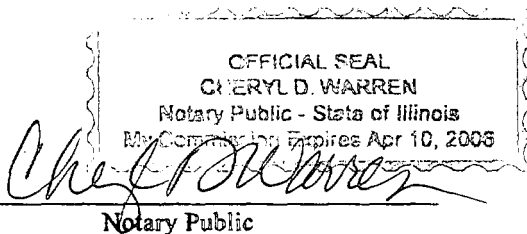
SEC 1410 (06-02)

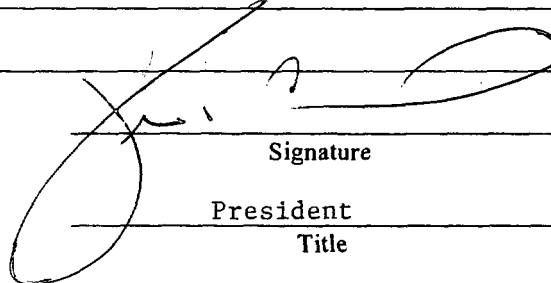
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information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

TLH  
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## OATH OR AFFIRMATION

I, John H. Cox, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FEA, Inc., as of December 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



  
Signature  
President  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# FORM X-17A-5

# FOCUS REPORT

OMB No. 3235-0123  
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

## PART IIA 12

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(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) 16

2) Rule 17a-5(b) 17

3) Rule 17a-11 18

4) Special request by designated examining authority 19

5) Other 26

NAME OF BROKER-DEALER

SEC FILE NO.

8-41103 14

FIRM ID. NO.

24376 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

FOR PERIOD BEGINNING (MM/DD/YY)

3330 Dundee Road, Suite S-1 20

01/01/04 24

(No. and Street)

AND ENDING (MM/DD/YY)

Northbrook 21 Illinois 22 60062 23

12/31/04 25

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code)—Telephone No.

John H. Cox 30

(847) 498-2690 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

32

34

36

38

OFFICIAL USE

33

35

37

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS?

YES 40

NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

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### EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

FEB 28 2005

Dated the 28 day of Feb 19 05

Manual signatures of:

1) Principal Executive Officer or Managing Partner

2) Principal Financial Officer or Partner

3) Principal Operations Officer or Partner

**ATTENTION**—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

COLEMAN JOSEPH BLITSTEIN & STUART LLC

70

ADDRESS

Number and Street

City

State

Zip Code

108 Wilmot Road  
Suite 330

Deerfield

Illinois

60015

71

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74

Check One

( x ) Certified Public Accountant

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( ) Public Accountant

76

( ) Accountant not resident in United States or  
any of its possessions

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
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COLEMAN JOSEPH BLITSTEIN & STUART LLC

INDEPENDENT AUDITORS' REPORT

Board of Directors  
FEA, Inc.  
Northbrook, Illinois

We have audited the accompanying statements on pages 4-12 in the Financial and Operational Combined Uniform Single Report Part IIA of FEA, Inc. (an Illinois S corporation) as of December 31, 2004. These statements are the responsibility of the management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements on pages 4-12 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the information therein of FEA, Inc. as of December 31, 2004 in conformity with generally accepted accounting principles.

*Coleman Joseph Blitstein & Stuart LLC*

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COLEMAN JOSEPH BLITSTEIN & STUART LLC

February 21, 2005

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER FEA, Inc.

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### STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/04

SEC FILE NO. 24376

#### ASSETS

Consolidated

Unconsolidated

Total

Allowable

Non-Allowable

1. Cash	\$	200		\$	6,159	750
2. Receivables from brokers or dealers:						
A. Clearance account	✓	295				
B. Other		300	\$	550		810
3. Receivables from non-customers		355		600	✓	830
4. Securities and spot commodities owned, at market value:						
A. Exempted securities		418				
B. Debt securities		419				
C. Options		420				
D. Other securities		424				
E. Spot commodities	✓	430				850
5. Securities and/or other investments not readily marketable:						
A. At cost	✓	130				
B. At estimated fair value		440		610		860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:		460		630		880
A. Exempted securities	\$	150				
B. Other securities	\$	160				
7. Secured demand notes:		470		640		890
market value of collateral:						
A. Exempted securities	\$	170				
B. Other securities	\$	180				
8. Memberships in exchanges:						
A. Owned, at market	\$	190				
B. Owned, at cost				650		
C. Contributed for use of the company, at market value	✓		✓	660		900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480		670		910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490		680	✓	920
11. Other assets		535		735		930
12. TOTAL ASSETS	✓	540	\$	740	\$	6,159 940

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER**     FEA, Inc.

as of 12/31/04

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING  
AND CERTAIN OTHER BROKERS OR DEALERS**

**LIABILITIES AND OWNERSHIP EQUITY**

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable: .....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	1114	1315	1560
B. Other .....	1115	1305	1540
15. Payable to non-customers .....	1155	1355	1610
16. Securities sold not yet purchased, at market value .....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other .....	1205	1385	1685
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders \$ 970			
2. Includes equity subordination (15c3-1 (d)) of .... \$ 980			
B. Securities borrowings, at market value:...		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements: .....		1420	1730
1. from outsider: \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of .... \$ 1010			
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 1230	\$ 1450	\$ 1760

**Ownership Equity**

21. Sole proprietorship .....	\$ 1770
22. Partnership (limited partners .....	\$ 1780
23. Corporation:	
A. Preferred stock .....	1791
B. Common stock .....	5,000 1792
C. Additional paid-in capital .....	28,500 1793
D. Retained earnings .....	(27,341) 1794
E. Total .....	6,159 1795
F. Less capital stock in treasury .....	1796
24. TOTAL OWNERSHIP EQUITY .....	\$ 6,159 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....	\$ 6,159 1810

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# FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

FEA, Inc.

as of 12/31/04

### COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....	\$ 6,159	3480
2. Deduct ownership equity not allowable for Net Capital.....	19 ( )	3490
3. Total ownership equity qualified for Net Capital.....	6,159	3500
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....		3520
B. Other (deductions) or allowable credits (List).....		3525
5. Total capital and allowable subordinated liabilities.....	\$ 6,159	3530
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$	3540	
B. Secured demand note deficiency.....	3590	
C. Commodity futures contracts and spot commodities- proprietary capital charges.....	3600	
D. Other deductions and/or charges.....	3610	3620
7. Other additions and/or allowable credits (List).....		3630
8. Net capital before haircuts on securities positions.....	20 \$	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
A. Contractual securities commitments.....	\$ 3660	
B. Subordinated securities borrowings.....	3670	
C. Trading and investment securities:		
1. Exempted securities.....	18 3735	
2. Debt securities.....	3733	
3. Options.....	3730	
4. Other securities.....	3734	
D. Undue Concentration.....	3650	
E. Other (List).....	3736	3740
10. Net Capital.....	\$ 6,159	3750

OMIT PENNIES

There is no difference between the Focus Report at  
December 31, 2004 and the Audited Net Capital Computation  
at December 31, 2004.



# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER FEA, Inc.

as of 12/31/04

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

#### Part A

11. Minimum net capital required (6-2/3% of line 19)	\$ -0-	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 5,000	3760
14. Excess net capital (line 10 less 13)	\$ 1,159	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 6,159	3780

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ -0-	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	
19. Total aggregate indebtedness	\$ -0-	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	% -0-	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	% -0-	3860

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

#### Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$ -0-	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 5,000	3880
24. Net capital requirement (greater of line 22 or 23)	\$ 5,000	3760
25. Excess net capital (line 10 less 24)	\$ 1,159	3910
26. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$ -0-	3920

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#### NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

**BROKER OR DEALER** FEA, Inc.

For the period (MMDDYY) from 01/01/04 3932 to 12/31/04 3933  
Number of months included in this statement 3931

## STATEMENT OF INCOME (LOSS)

### REVENUE

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	3935
b. Commissions on listed option transactions	24,000	3938
c. All other securities commissions	24,000	3939
d. Total securities commissions		3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3945
b. From all other trading		3949
c. Total gain (loss)		3950
3. Gains or losses on firm securities investment accounts		3952
4. Profit (loss) from underwriting and selling groups		3955
5. Revenue from sale of investment company shares		3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue	130	3995
9. Total revenue	\$ 24,130	4030

### EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$	4120
11. Other employee compensation and benefits		4115
12. Commissions paid to other broker-dealers		4140
13. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements	4070	
14. Regulatory fees and expenses	3,262	4195
15. Other expenses	454	4100
16. Total expenses	\$ 3,716	4200

### NET INCOME

17. Net income (loss) before Federal income taxes and items below (item 9 less item 16)	\$ 20,414	4210
18. Provision for Federal income taxes (for parent only)		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of	4238	
20. Extraordinary gains (losses)		4224
a. After Federal income taxes of	4239	
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$ 20,414	4230

### MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	4211
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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER      FEA, Inc.

For the period (MMDDYY) from 01/01/04 to 12/31/04

### STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$	6,745	4240
A. Net income (loss) .....		20,414	4250
B. Additions (Includes non-conforming capital of .....	\$	3,000	4262
C. Deductions (Includes non-conforming capital of .....	\$	24,000	4272
		(21,000)	4270
2. Balance, end of period (From item 1800) .....	\$	6,159	4290

### STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	\$	-0-	4300
A. Increases .....		-0-	4310
B. Decreases .....		-0-	4320
4. Balance, end of period (From item 3520) .....	\$	-0-	4330

OMIT PENNIES

**Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.**

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
37 4600	4601	4602	4603	4604	4605
33 4610	4611	4612	4613	4614	4615
34 4620	4621	4622	4623	4624	4625
39 4630	4631	4632	4633	4634	4635
38 4640	4641	4642	4643	4644	4645
37 4650	4651	4652	4653	4654	4655
38 4660	4661	4662	4663	4664	4665
39 4670	4671	4672	4673	4674	4675
38 4680	4681	4682	4683	4684	4685
41 4690	4691	4692	4693	4694	4695
TOTAL \$			4699		

OMIT PENNIES

Instructions: Detail listing must include the total of Items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

**WITHDRAWAL CODE: DESCRIPTION**

1. Equity Capital
2. Subordinated Liabilities
3. Accruals
4. 15c3-1(c)(2)(iv) Liabilities

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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**  
**PART IIA**

**BROKER OR DEALER**      FEA, Inc.

as of 12/31/04

**Exemptive Provision Under Rule 15c3-3**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 .....	-0-	<b>4550</b>
B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained .....	-0-	<b>4560</b>
C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <u>4335</u> .....	-0-	<b>4570</b>
D. (k) (3)—Exempted by order of the Commission .....	-0-	<b>4580</b>

**FEA, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Income	\$ 20,414
------------	-----------

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Additional Paid in Capital	3,000
Distributions	( 24,000)

<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>( 21,000)</b>
--	------------------

<b>NET DECREASE IN CASH</b>	<b>( 586)</b>
-----------------------------	---------------

<b>CASH IN BANK, beginning of year</b>	<b>6,745</b>
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<b>CASH IN BANK, end of year</b>	<b>\$ 6,159</b>
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See independent auditors' report.

FEA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

The corporation is a registered securities dealer, and as such, engages in securities transactions.

INCOME RECOGNITION

Transactions are recorded as they are completed.

NOTE 2 - NET CAPITAL REQUIREMENTS

The corporation is subject to the net capital requirements of the NASD, and as such, is required to maintain a net capital of \$5,000. Net capital of the corporation at December 31, 2004 was \$6,159. The minimum capital requirements may effectively restrict the withdrawal of corporate equity.

See independent auditors' report.



COLEMAN JOSEPH BLITSTEIN & STUART LLC

**AUDITORS' COMMENTS ON INTERNAL CONTROL**

Board of Directors  
FEA, Inc.  
Northbrook, Illinois

We have audited the statements on pages 4-12 in the Financial and Operational Combined Uniform Single Report Part IIA of FEA, Inc. as of December 31, 2004 and have issued our report thereon dated February 21, 2005.

As part of our audit, we made a study evaluation of the internal control structure to the extent we considered necessary to evaluate the structure as required by generally accepted auditing standards. Under these standards, the purpose of such evaluations are to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedure necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing the audit of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion.

Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

See independent auditors' report.

108 Wilmor Road, Suite 330

Deerfield, Illinois 60015-5118

Page 14 Phone 847.945.2888 Fax 847.945.9512 [www.cjbs.com](http://www.cjbs.com)



Board of Directors  
FEA, Inc.

Our audit of the financial statements made in accordance with generally accepted auditing standards, including the study and evaluation of the corporation's internal control structure that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. During my review of the control structure I did not become aware of any material weaknesses.

The foregoing conditions were considered in determining the nature, timing and extent of audit tests to be applied in my audit of the financial statements, and this report of such conditions does not modify my report dated February 21, 2005 on such financial statements.

*Coleman Joseph Blitstein & Stuart LLC*

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COLEMAN JOSEPH BLITSTEIN & STUART LLC

February 21, 2005

See independent auditors' report.